



July 25, 1996

Ms. Christine Hansen, Executive Director
[Interstate Oil and Gas Compact Commission](#)
Post Office Box 53127
Oklahoma City, Oklahoma 73152-3127

SUBJECT: [*A Dependent Nation: How Federal Oil and Gas Policy is Eroding America's Economic Independence*](#)

Dear Ms. Hansen:

Governor Lowry has asked me to respond to the request for comments on the Interstate Oil and Gas Compact Commission's July 1996, draft Oil and Gas Energy Policy document that was sent to him on July 2, 1996, by Governor Ed Schafer.

I concur with Governor Schafer's observation that the public is still interested in energy issues, and that energy should be a focus of the upcoming Presidential campaigns. However, I cannot recommend that Governor Lowry endorse the major principles contained in the draft document.

The people of Washington State share the concerns about the dangers of excess reliance on imported oil, and agree that the retail prices of petroleum products reflect only a fraction of the true environmental, national security and balance of trade costs of that reliance. We wholeheartedly support the proposals to expose these hidden costs through high-profile studies and/or commissions.

We also support the report's recommendation to encourage the conservation of petroleum and natural gas through vehicle fuel economy standards, building and appliance codes and standards, and continued funding for research and education. However, the advocacy of these laudable goals appears to be inconsistent with the report's call for "redirecting R&D dollars" from efficiency and renewables toward oil and gas recovery. Energy conservation is clean and cost-effective right now, and should be the most important priority for federal energy research and development funds.

The potentially enormous environmental benefits of renewable energy sources dictate that research should continue in this area as well. Fossil fuels are responsible for the vast majority of our urban air quality problems, and contribute significantly to greenhouse gas emissions. The environmental consequences of spills can be disastrous, as witnessed by the 1989 Exxon Valdez incident. While it is true that the United States has large oil and gas reserves that are not currently economically recoverable, to a certain extent these can be considered a hedge against increasing world oil prices. For both environmental and economic reasons, therefore, we oppose spending large amounts of taxpayer money to encourage the early depletion of these reserves.

Finally, we cannot agree with the characterization of natural gas imports as a national security issue on a par with Middle East oil. Virtually all imports of natural gas into the United States originate in Canada, a nation with which the United States shares the world's longest undefended border. Natural gas imports from Canada are both stable and low-cost, and are extremely important to the economic well-being of Washington and the Pacific Northwest. With the implementation of the North American Free Trade Agreement, the state of Washington looks forward to years of increased cooperation among Canada, Mexico, and the United States.

Because the interests of Washington State appear to be somewhat at odds with the general recommendations of this report, we have chosen not to comment in great detail on the draft document. However, we would be more than willing to discuss these areas of disagreement with you at your convenience. Thank you for this opportunity to comment.

Sincerely,

Howard Schwartz
Acting Assistant Director
Energy Policy Service Area

cc: Mike Lowry, Governor
Bob Nichols, Governor's Office
Tom Campbell, Director of Policy and Programs, CTED
Frank Bishop, National Association of State Energy Officials